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EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
Washington 25, D.C.

OMB Open Instructions In ERU File

September 3, 1954

My dear Mr. Dulles:

The recent brief review of the "intelligence community" by Budget Bureau staff, together with the fiscal compilation, has provided me with a helpful background of the scope and content of our entire foreign intelligence effort. It has been similarly useful to Mr. Gutler and Mr. Lay.

This study, of course, was addressed to fiscal year 1954, and did not attempt to identify the future budget requirements of intelligence activities. While our survey will give us more perspective for reviewing certain 1956 budget submissions, it also has pointed up the need for a broader approach to intelligence programs than provided by the regular budget "call", (Budget Bureau Circular A-11, revised August 9, 1954). Specifically, I have in mind that the Intelligence Advisory Committee might compile a special budget analysis summarizing by member agency the 1956 budget estimates for those overt intelligence collection activities which are the direct responsibilities of the officers comprising the Committee. As illustrated by the attached form, the activities to be reported would be those identified as "overt collection" in the recent study. Estimates of budget requests probably will be required in some programs (e.g. military attaches) where parts of the costs are not under the purview of the IAC member, and/or when the 1956 budget requests are not yet firm.

I am addressing this request to the Committee, through you as its chairman, rather than to the heads of the executive departments and agencies concerned, because of the obvious need for a joint review and evaluation of those proposed activities. The most significant part of the analysis should be a simple exposition by the membership on: (1) the interagency arrangements, supplemental to the NSC Intelligence Directives which will be used to produce an effective and coordinated overt intelligence collection program in

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1956; (2) an evaluation of the sufficiency of the several agencies' requests in the light of that program; and (3) the areas of activity which may require altered emphasis and/or modified coordination in the near future.

In determining the request outlined above, we have been impressed with the continuing problems of intelligence collection, some of which came to my specific attention during the past year. At one point we understood that the IAC had undertaken or had considered undertaking an overall study of overt collection. These considerations, together with the interest in this and other aspects of intelligence community cooperation which has been evidenced by the rest of the Executive Office and the Congress, led us to focus special attention on this problem at this time.

I wish to make it clear that, while this analysis will be a guide to us for arriving at 1956 allowances for regular appropriations, it will not affect existing appropriation structure or the submissions of your respective agencies to the Congress.

I have not attempted to spell out the exact details of the requested analysis, but Mr. Macy and the staff of the International Division are prepared to answer any questions which may be raised by this letter. In order to be most helpful, the material should reach me by November 1, 1954.

Your cooperation and that of all the IAC members will be greatly appreciated.

Sincerely yours,

/s/

Rowland Hughes
Director

Honorable Allen W. Dulles
Director
Central Intelligence Agency
Washington 25, D. C.

Attachment